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(Securities Code 6562)

June 11, 2018

To Shareholders with Voting Rights:

7-20-1 Nishishinjuku Shinjuku-ku Tokyo, Japan

Geniee, Inc.

President and CEO Tomoaki Kudo

## **NOTICE OF THE 8TH ANNUAL GENERAL SHAREHOLDERS' MEETING**

Dear Shareholders:

You are cordially invited to attend the 8th Annual General Shareholders' Meeting of Geniee, Inc. (the "Company"). The meeting will be held for the purposes as described below.

If you are unable to attend the meeting, you may exercise your voting rights in writing. Please review the Reference Documents for the General Shareholders' Meeting (described hereinafter) and exercise your voting rights by 7:00 p.m. Japan Standard Time on Tuesday, June 26, 2018.

### **1. Date and Time:**

Wednesday, June 27, 2018 at 10:00 a.m. Japan Standard Time

### **2. Place:**

Keio Plaza Hotel Tokyo, 44th Floor "Harmony"

2-2-1 Nishi-Shinjuku, Shinjuku-Ku, Tokyo

### **3. Meeting Agenda:**

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 8th Fiscal Year (April 1, 2017 - March 31, 2018), Results of Audits of the Consolidated Financial Statements by the Independent Auditor and the Board of Company Auditors
2. The Report of Non-consolidated Financial Statements for the 8th Fiscal Year (April 1, 2017 - March 31, 2018)

Proposals to be resolved:

Proposal No.1 : Partial amendments to the Articles of Incorporation

Proposal No.2 : Election of five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No.3 : Election of three (3) Directors who are Audit and Supervisory Committee Members

Proposal No.4 : Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

Proposal No.5 : Remuneration for Directors who are Audit and Supervisory Committee Members

Proposal No.6 : Issuance of subscription rights to shares

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If you plan to attend the meeting, please submit the enclosed voting card to the receptionist at the meeting.

Of the documents attached to this Notice of the Annual General Meeting of Shareholders, the following materials have been made available for viewing online on our website in accordance with the relevant laws and regulations and Article 15 of the Company's Articles of Incorporation. For this reason, they are not provided in written form together with this notice.

- Company system for ensuring the appropriateness of business operations and implementation status of this system
- Consolidated Statement of Changes in Equity
- Notes to Consolidated Financial Statements
- Statement of Changes in Equity
- Notes to Financial Statements

Consequently, the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements attached to this notice represent part of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements audited by Audit and Supervisory Committee Members and Accounting Auditor when preparing the audit report.

## Proposal 1: Partial amendments to the Articles of Incorporation

### 1. Reasons for the proposal

- (1) The Company will make amendments to relevant parts of the Articles of Incorporation in order for it to transition to a company with an Audit and Supervisory Committee with the purpose of aiming to further reinforce corporate governance.
- (2) The Company will add a new provision to the Articles of Incorporation making it possible for the Board of Directors to resolve distributions, etc., of surplus, pursuant to the provisions of Article 459, Paragraph 1 of the Companies Act, in order to facilitate an agile capital policy and dividend policy.
- (3) The Company will make other required changes associated with the above amendments, including revising the number of articles, etc.

### 2. Details of the amendments

Amendments to the Articles of Incorporation will take effect at the close of this general meeting of shareholders.

(Amended parts are underlined)

Current Articles of Incorporation	Proposed amendments
Chapter 1 General Provisions	Chapter 1 General Provisions
Article 1–Article 4 (Omitted)	Article 1–Article 4 (Unchanged)
Article 5 (Organizations) The Company shall have the following organizations, in addition to the general meeting of shareholders and Directors.	Article 5 (Organizations) The Company shall have the following organizations, in addition to the general meeting of shareholders and Directors.
(1) Board of Directors	(1) Board of Directors
(2) <u>Corporate Auditors</u>	(2) <u>Audit and Supervisory Committee</u>
(3) <u>Board of Corporate Auditors</u>	<u>(Deleted)</u>
(4) Independent Auditors	(3) Independent Auditors
Article 6–Article 17 (Omitted)	Article 6–Article 17 (Unchanged)
Chapter 4 Directors and Board of Directors	Chapter 4 Directors and Board of Directors
Article 18 (Number of Directors) The Company shall have not more than <u>seven</u> (7) Directors. (Newly established)	Article 18 (Number of Directors) <u>1. The Company shall have not more than <u>nine</u> (9) Directors.</u> <u>2. Of those Directors in the preceding paragraph, not more than four (4) shall be directors who are Audit and Supervisory Committee Members.</u>

<p>Article 19 (Election of Directors)</p> <p>1. Directors shall be elected by a resolution of the general meeting of shareholders.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>Article 20 (Term of Office of Directors)</p> <p>1. The term of office of a Director shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within <u>two</u> (2) years after his or her election.</p> <p>(Newly established)</p> <p><u>2. The term of office of a Director elected as an alternate member or due to an increase in the fixed number shall expire at the conclusion of the term of another incumbent Director.</u></p> <p>Article 21 (Representative Director and President)</p> <p>1. The Representative Director of the Company shall be elected by a resolution of the Board of Directors.</p> <p>2. (Omitted)</p> <p>3. One (1) President, one (1) Chairman, and several Executive Vice Presidents, Senior Directors, and Managing Directors can be elected by resolution of the Board of Directors</p> <p>Article 22 (Omitted)</p> <p>Article 23 (Notice of Convocation of the Board of Directors)</p> <p>Notice of a meeting of the Board of Directors shall be</p>	<p>Article 19 (Election of Directors)</p> <p>1. Directors shall be elected by a resolution of the general meeting of shareholders, <u>according to the categories of Director and Director who is an Audit and Supervisory Committee Member.</u></p> <p>2 (Unchanged)</p> <p>3 (Unchanged)</p> <p>Article 20 (Term of Office of Directors)</p> <p>1. The term of office of a Director (<u>excluding Directors who are an Audit and Supervisory Committee Member</u>) shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within <u>one</u> (1) year after his or her election.</p> <p><u>2. The term of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within two (2) years after his or her appointment.</u></p> <p><u>3. The term of office of any Director who is an Audit and Supervisory Committee Member elected to fill a vacancy shall expire when the term of office of the Director who is an Audit and Supervisory Committee Member who retired expires.</u></p> <p>Article 21 (Representative Director and President)</p> <p>1. The Representative Director of the Company shall be elected <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>2 (Unchanged)</p> <p>3. One (1) President <u>from among Directors (excluding Directors who are Audit and Supervisory Committee Members)</u>, one (1) Chairman, and several Executive Vice Presidents, Senior Directors, and Managing Directors can be elected by resolution of the Board of Directors</p> <p>Article 22 (Unchanged)</p> <p>Article 23 (Notice of Convocation of the Board of Directors)</p> <p>Notice of a meeting of the Board of Directors shall be</p>
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sent to each Director and each Corporate Auditor at least three (3) days prior to the date set for such meeting; provided, however, that in case of urgency, such period may be shortened

Article 24 (Omitted)

Article 25 (Method of Adopting Resolutions of the Board of Directors)  
Resolutions of a meeting of the Board of Directors shall be deemed as adopted when all Directors approve the matter in writing or electromagnetically; provided, however, that a Corporate Auditor does not state his or her objection.

Article 26 (Omitted)

(Newly established)

Article 27 (Remuneration, etc., to Directors)  
The remuneration, etc, to the Directors shall be determined by a resolution of the general meeting of shareholders.

Article 28 (Exemption from Directors' Liability)  
The Company can conclude an agreement with Directors (excluding Executive Directors) that limits their liability when the requirements stipulated in laws are met with regard to liabilities set forth in Article 423, Paragraph 1 of the Companies Act; provided that the maximum amount of liabilities for damages under such agreement shall be the minimum liability amount provided for by law.

Chapter 5 Corporate Auditors and Board of Corporate

sent to each Director at least three (3) days prior to the date set for such meeting; provided, however, that in case of urgency, such period may be shortened

Article 24 (Unchanged)

Article 25 (Method of Adopting Resolutions of the Board of Directors)  
Resolutions of a meeting of the Board of Directors shall be deemed as adopted when all Directors approve the matter in writing or electromagnetically.

Article 26 (Unchanged)

Article 27 (Entrustment of Important Decisions on the Execution of Business)  
Pursuant to the provisions of Article 13, Paragraph 6 of the Companies Act, the Company can entrust important decisions on the execution of business (excluding matters cited in each item of Paragraph 5) in part or their entirety to Directors by resolution of the Board of Directors.

Article 28 (Remuneration, etc., to Directors)  
The remuneration, etc, to the Directors shall be determined by a resolution of the general meeting of shareholders, according to the categories of Director and Director who is an Audit and Supervisory Committee Member.

Article 29 (Exemption from Directors' Liability)  
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company can conclude an agreement with Directors (excluding those who are Executive Directors) that limits their liability when the requirements stipulated in laws are met with regard to liabilities set forth in Article 423, Paragraph 1 of the Companies Act; provided that the maximum amount of liabilities for damages under such agreement shall be the minimum liability amount provided for by law.

Chapter 5 Audit and Supervisory Committee

<p><u>Auditors</u></p> <p><u>Article 29 (Number of Corporate Auditors)</u>  <u>The Company shall have not more than five (5) Corporate Auditors.</u></p> <p><u>Article 30 (Election of Corporate Auditors)</u>  <u>1. Corporate Auditors shall be elected by a resolution of the general meeting of shareholders.</u>  <u>2. The resolution for election of Corporate Auditors shall be adopted where shareholders holding not less than one-third (1/3) of the voting rights of all shareholders who are entitled to exercise voting rights are present and a majority of these voting rights are cast in favor.</u></p> <p><u>Article 31 (Term of Office of Corporate Auditors)</u>  <u>1. The term of office of a Corporate Auditor shall expire at the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within four (4) years after his or her election.</u>  <u>2. The term of office of any Corporate Auditor elected to fill a vacancy shall expire when the term of office of the Corporate Auditor who retired expires.</u></p> <p><u>Article 32 (Full-time Corporate Auditors)</u>  <u>The Board of Corporate Auditors shall elect Full-time Corporate Auditor(s) from among them.</u></p> <p><u>Article 33 (Notice of Convocation of Board of Corporate Auditors)</u>  <u>Notice of a meeting of the Board of Corporate Auditors shall be sent to each Corporate Auditor at least three (3) days prior to the date set for such meeting; provided, however, that in case of urgency, such period may be shortened.</u></p> <p><u>Article 34 (Method of Adopting Resolutions of the Board of Corporate Auditors)</u>  <u>Resolutions of a meeting of the Board of Corporate Auditors shall be adopted by a majority of the Corporate Auditors, unless otherwise provided for by law.</u></p>	<p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p><u>Article 30 (Full-time Audit and Supervisory Committee Members)</u>  <u>The Audit and Supervisory Committee can elect Full-time Audit and Supervisory Committee Member(s) from among them.</u></p> <p><u>Article 31 (Notice of Convocation of the Audit and Supervisory Committee)</u>  <u>Notice of a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Board Member at least three (3) days prior to the date set for such meeting; provided, however, that in case of urgency, such period may be shortened.</u></p> <p><u>Article 32 (Method of Adopting Resolutions of the Audit and Supervisory Committee)</u>  <u>Resolutions of a meeting of the Audit and Supervisory Committee shall be adopted when a majority of the Audit and Supervisory Committee Members eligible to vote are in attendance and a majority of the Audit</u></p>
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<p>Article <u>35</u> (Regulations of the <u>Board of Corporate Auditors</u>) Matters concerning the <u>Board of Corporate Auditors</u> shall be governed by the Regulations of the <u>Board of Corporate Auditors</u> prescribed by the <u>Board of Corporate Auditors</u>, in addition to law and these Articles of Incorporation.</p> <p>Article <u>36</u> (Remuneration, etc., to Corporate Auditors) <u>The remuneration, etc, to the Corporate Auditors shall be determined by a resolution of a general meeting of shareholders.</u></p> <p>Article <u>37</u> (Exemption from Corporate Auditors' Liability) <u>The Company can conclude an agreement with Corporate Auditors that limits their liability when the requirements stipulated in laws are met with regard to liabilities set forth in Article 423, Paragraph 1 of the Companies Act; provided that the maximum amount of liabilities for damages under such agreement shall be the minimum amount provided for by law.</u></p> <p>Chapter 6 Independent Auditors</p> <p>Article <u>38</u>–Article <u>39</u> (Omitted)</p> <p>Article <u>40</u> (Remuneration, etc., to Independent Auditors) Remuneration, etc., to Independent Auditors will be stipulated by the Representative Director and approved by the <u>Board of Corporate Auditors</u>.</p> <p>Article <u>41</u> (Omitted)</p> <p>Chapter 7 Accounts</p> <p>Article <u>42</u> (Omitted)</p> <p>Article <u>43</u> (Distribution of Surplus) <u>1. The record date of the Company's year-end</u></p>	<p><u>and Supervisory Committee Members in attendance approve</u>, unless otherwise provided for by law.</p> <p>Article <u>33</u> (Regulations of the <u>Auditor &amp; Supervisory Committee</u>) Matters concerning the <u>Audit and Supervisory Committee</u> shall be governed by the Regulations of the <u>Auditor &amp; Supervisory Committee</u> prescribed by the <u>Audit and Supervisory Committee</u>, in addition to law and these Articles of Incorporation.</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>Chapter 6 Independent Auditors</p> <p>Article <u>34</u>–Article <u>35</u> (Unchanged)</p> <p>Article <u>36</u> (Remuneration, etc., to Independent Auditors) Remuneration, etc., to Independent Auditors will be stipulated by the Representative Director and approved by the <u>Audit and Supervisory Committee</u>.</p> <p>Article <u>37</u> (Unchanged)</p> <p>Chapter 7 Accounts</p> <p>Article <u>38</u> (Unchanged)</p> <p>(Deleted)</p>
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<p><u>dividends shall be March 31 each year.</u></p> <p><u>2. In addition to the preceding paragraph, distribution of surplus can be made by setting a record date.</u></p> <p><u>Article 44 (Interim Dividends)</u>  <u>The Company can, by a resolution of the Board of Directors, provide an interim dividend with September 30 of each year as the record date.</u></p> <p>(Newly established)</p> <p>(Newly established)</p> <p>Article <u>45</u> (Omitted)</p> <p>Chapter 8 Supplementary Provisions</p> <p>Article <u>46</u> (Omitted)</p>	<p>(Deleted)</p> <p><u>Article 39 (Decision-making Body for Distribution, etc. of Surplus)</u>  <u>The Company can stipulate matters set forth in each item of Article 459, Paragraph 1 of the Companies Act with regard to the distribution, etc., of surplus by resolution of the Board of Directors, except where otherwise provided for in law.</u></p> <p><u>Article 40 (Record Date of Distribution of Surplus)</u>  <u>1. The record date for the Company's year-end dividend shall be March 31 of each year.</u>  <u>2. The record date for the Company's interim dividend shall be September 30 of each year.</u>  <u>3. In addition to the preceding paragraphs, distribution of surplus can be made by setting a record date.</u></p> <p>Article <u>41</u> (Unchanged)</p> <p>Chapter 8 Supplementary Provisions</p> <p>Article <u>42</u> (Unchanged)</p>
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**Proposal 2: Election of five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members)**

If Proposal 1: Partial amendments to the Articles of Incorporation is approved as proposed, the Company will transition to a company with an Audit and Supervisory Committee and the term of office of all Directors will expire at that point in time. As a result, the Company proposes that five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply in this proposal) be elected.

This proposal will take effect conditionally upon Proposal 1: Partial amendments to the Articles of Incorporation taking effect.



The candidates for Directors are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Tomoaki Kudo (September 9, 1981)	<p>April 2006      Joined Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)</p> <p>April 2010      Founded the Company. Representative Director and President (present position)</p> <p>August 2012    President &amp; CEO of Geniee International Pte., Ltd. (present position)</p> <p>September 2013 Chairman of Geniee Vietnam Co., Ltd. (present position)</p> <p>November 2014 Director of Simba Digital Pte., Ltd. (present position)</p> <p>May 2017        Commissioner of PT. Geniee Technology Indonesia (present position)</p> <p>                      Commissioner of PT. Adstars Media Pariwara (present position)</p> <p>August 2017    Director of Geniee Adtechnology (Thailand) (present position)</p>	6,540,000

2	Hiroshi Hirose (May 11, 1985)	<p>April 2009      Joined Recruit Media Communications Co., Ltd. Posted to Recruit Co., Ltd. (currently Recruit Holdings Co., Ltd.)</p> <p>April 2011      Joined the Company</p> <p>October 2011    Director of the Company (present position)</p> <p>March 2016     Director of Geniee International Pte., Ltd. (present position)</p>	655,000
3	* Katsumasa Niki (February 4, 1968)	<p>April 1991      Joined International Digital Communication Inc. (currently IDC Frontier Inc.)</p> <p>June 2005      Joined SoftBank Corp. (currently SoftBank Group Corp.)</p> <p>March 2007     Director of GungHo Online Entertainment, Inc.</p> <p>October 2013    Member of the Board of Directors of Supercell Oy</p> <p>November 2014 Executive Officer of SoftBank Corp. (currently SoftBank Group Corp.)</p> <p>Outside Director of the Company (present position)</p>	—

		<p>October 2016 Executive Officer of IZUMI Co., Ltd.</p> <p>May 2017 Advisor of SoftBank Corp. (present position)</p> <p>September 2017 President &amp; CEO of DEEPCORE Inc. (present position)</p> <p>November 2017 Director of Mistletoe Venture Partners Co., Ltd. (present position)</p> <p>December 2017 Senior Advisor of Director of Gordian Capital Japan Limited (present position)</p> <p>April 2018 Auditor of Nulab Inc. (present position)</p>	
4	Daisuke Fujihira (August 5, 1971)	<p>June 1996 Joined Nippon Telegraph and Telephone Corporation</p> <p>May 1999 Joined Sony Corporation</p> <p>September 2004 Joined Softbank BB Corp. (currently SoftBank Corp.)</p> <p>April 2008 Director and COO of Softbank Gift Co., Ltd. (currently SB Gift Corp.)</p> <p>February 2014 Representative Director of SB Gift Corp. (present position)</p> <p>May 2014 Digital Marketing Business Management Department Manager of Corporate Business Management, Corporate Business Development Headquarters of Softbank Telecom Corp. (currently SoftBank Corp.) (present position)</p> <p>June 2014 Representative Director &amp; CEO of Generate, Inc. (present position)</p> <p>April 2015 Director of Shiodome Agency Co., Ltd. (currently SB Ad Corp.) (present position)</p> <p>June 2016 Director of MicroAd, Inc. Director (present position)</p> <p>April 2017 Digital Marketing Business Management Department Manager of Corporate Business Management, Corporate Business Strategic Headquarters of SoftBank Corp. (present position) Outside Director of the Company (present position)</p>	—
5	Michimasa Naka	<p>April 1989 Joined Salomon Brothers Asia Ltd (currently Citigroup Global Markets Japan Inc.).</p> <p>April 2004 Managing Executive Officer and Joint General</p>	—

	(August 14, 1964)		Manager of the Debt Capital Markets Division of Nikko Citigroup Securities Co., Ltd. (currently Citigroup Global Markets Japan Inc.)
		June 2008	Managing Executive Officer and General Manager of the Markets and Sales Division of Nikko Citigroup Securities Co., Ltd. (currently Citigroup Global Markets Japan Inc.)
		October 2009	Director of Citigroup Global Markets Japan Inc.
		December 2009	Director, Deputy President of Citigroup Global Markets Japan Inc.
		December 2010	CEO and Representative Director of StormHarbour Japan Ltd.
		July 2014	Director of Asuka Asset Management Co., Ltd. Director of eWeLL Co., Ltd. (present position)
		September 2014	Executive Director of istyle Inc. (present position)
		October 2014	Chairman and Director of StormHarbour Japan Ltd.
		November 2014	Outside Director of the Company (present position)
		July 2015	Director of Prevent SAST Insurance Co., Ltd. (present position)
		July 2016	Representative Director of Boardwalk Capital Inc. (present position)
		June 2017	Representative Director of Accelerator inc. (present position)

Notes:

1. New candidates for Director are indicated by an asterisk (\*).
2. There are no special interests between each candidate and the Company.
3. Katsumasa Niki, Daisuke Fujihira and Michimasa Naka are candidates for Outside Director.
4. (1) The Company requests the election of Katsumasa Niki because he possesses advanced knowledge and a wealth of practical experience in corporate management, including carrying out large M&A deals as the head of the investment planning division of SoftBank Group Corp., which the Company expects he will utilize in the proper instruction of decision-making by the Board of Directors.  
(2) The Company requests the election of Daisuke Fujihira because he has in-depth knowledge of digital marketing, which the Company expects he will utilize in the proper instruction of decision-making by the Board of Directors in terms of the Company's business expansion. Daisuke Fujihira currently serves as Outside Director of the Company, and his term in office will be one year and two months at the close of this general meeting of shareholders.  
(3) The Company requests the election of Michimasa Naka because he possesses a wealth of experience in corporate management and knowledge of finance from his time at Citigroup Securities Co., Ltd. and

StormHarbour Japan Ltd., which the Company expects he will utilize in the proper instruction of decision-making by the Board of Directors. Michimasa Naka currently serves as Outside Director of the Company, and his term in office will be three years and seven months at the close of this general meeting of shareholders.

5. The Company has concluded an agreement with Daisuke Fujihira and Michimasa Naka limiting their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount stipulated in Article 425 paragraph 1 of the Companies Act. If the re-election of both individuals is approved, the Company plans to renew the limited liability agreement above with each of them. Additionally, if Katsumasa Niki is elected as Outside Director, the Company plans on concluding the same limited liability agreement with him.
6. The Company has submitted notification to Tokyo Stock Exchange that Michimasa Naka has been designated as independent officer as provided for by the aforementioned exchange. If his election is approved, the Company plans to continue to designate him as independent officer.

### **Proposal 3: Election of three (3) Directors who are Audit and Supervisory Committee Members**

If Proposal 1: Partial amendments to the Articles of Incorporation is approved as proposed, the Company will transition to a company with an Audit and Supervisory Committee. Therefore, the Company proposes that three (3) Directors who are Audit and Supervisory Committee Members be elected.

The Board of Corporate Auditors has given its consent to this proposal.

This proposal will take effect conditionally upon Proposal 1: Partial amendments to the Articles of Incorporation taking effect.

Additionally, if Proposal 1: Partial amendments to the Articles of Incorporation, Proposal 2: Election of five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) and this proposal take effect, six (6) of the eight (8) Directors will be Outside Directors.

The candidates for Directors who are Audit and Supervisory Committee Members are as follows:

No.	Name (Date of birth)	Career summary, position and responsibilities (significant concurrent positions outside the Company)	Number of the Company's shares owned
1	* Katsuyuki Toritani (April 12, 1956)	<p>April 1980      Joined Seiko Epson</p> <p>August 1990    Joined Sanwa Research Institute (currently Mitsubishi UFJ Research and Consulting Co., Ltd.</p> <p>Joined Yahoo Japan Corporation</p> <p>Internal Audit Department Of Yahoo Japan Corporation</p> <p>February 2003    Lead Auditor of Internal Audit Division of Yahoo</p>	—

		April 2017	Japan Corporation Full-time Audit and Supervisory Committee	
		June 2017	Member of the Company (present position)	
2	* Yukio Todoroki (May 5, 1958)	April 1981	Joined The Long-Term Credit Bank of Japan, Ltd	—
		November 1998	Joined Softbank Corp.	
		April 1999	Joined Softbank Finance Co., Ltd.	
		June 1999	Corporate Auditor of Yahoo Japan Corporation	
		December 2013	Managing Director of SBI Securities Co., Ltd.	
		June 2017	Outside Auditor of the Company (present position)	
3	* Fumiaki Goto (April 26, 1953)	February 1998	Joined Allied Telesis K.K.	—
		December 2000	Corporate Auditor of HDE, Inc. (present position)	
		June 2001	Full-time Corporate Auditor of GDH K.K.	
		June 2002	Director and CFO of GDH K.K.	
		June 2007	Director of GONZO Rosso K.K.	
		January 2009	Representative Director and CEO of GONZO Rosso K.K.	
		September 2012	Outside Auditor of the Company (present position)	
		October 2013	Director and General Manager of the Administration Division of eTrust Co., Ltd.	
		March 2016	Director, Executive Vice President, CFO and General Manager of the Corporate Division of Monstar Lab, Inc. (present position)	

Note:

1. New candidates for Director are indicated by an asterisk (\*).
2. There are no special interests between each candidate and the Company.
3. Katsuyuki Toritani, Yukio Todoroki and Fumiaki Goto are candidates for Outside Director who are Audit and Supervisory Committee Members.
  - (1) The Company requests the election of Katsuyuki Toritani because it believes he can utilize his wealth of experience and insight as a General Manager of the Internal Audit Department of a publicly traded company and a Full-time Corporate Auditor of a publicly traded subsidiary in conducting the Company's audits, etc.
  - (2) The Company requests the election of Yukio Todoroki because it believes he can utilize his wealth of experience and insight as a Corporate Auditor of a publicly traded company in conducting the Company's audits, etc.
  - (3) The Company requests the election of Fumiaki Goto because it believes he can utilize his wealth of

experience and insight in corporate management in conducting the Company's audits, etc.

4. The Company has concluded an agreement with Katsuyuki Toritani, Yukio Todoroki and Fumiaki Goto limiting their liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount stipulated in Article 425 paragraph 1 of the Companies Act. If each is elected as Outside Director, the Company plans on concluding the same limited liability agreement with each them.
5. The Company has submitted notification to Tokyo Stock Exchange that Katsuyuki Toritani, Yukio Todoroki and Fumiaki Goto have been designated as independent officer as provided for by the aforementioned exchange. If their election is approved, the Company plans to continue to designate them as independent officer.

#### **Proposal 4: Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)**

If Proposal 1: Partial amendments to the Articles of Incorporation is approved as proposed, the Company will transition to a company with an Audit and Supervisory Committee. As a result, pursuant to Article 361, Paragraph 1 and Paragraph 2 of the Companies Act, the Company requests that the remuneration, etc., for Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter the same shall apply for this proposal) be less than 150 million yen per year (less than 50 million yen per year for Outside Directors) in consideration of economic conditions and other factors, to replace the existing provision on the amount of remuneration, etc., for Directors (less than 100 million yen per year [however, not including the wage portion of employees serving concurrently as Director]), and that the amount of this remuneration will not include the wages portion of employees who serve concurrently as Director, as well as that the detailed amount and payment timing, etc., be determined by resolution of the Board of Directors.

There are currently five Directors, and if Proposal 1: Partial amendments to the Articles of Incorporation and Proposal 2: Election of five (5) Directors (excluding Directors who are Audit and Supervisory Committee Members) are approved as proposed, there will continue to be (5) Directors, of which 3 (3) are Outside Directors.

This proposal will take effect conditionally upon Proposal 1: Partial amendments to the Articles of Incorporation taking effect.

#### **Proposal 5: Remuneration for Directors who are Audit and Supervisory Committee Members**

If Proposal 1: Partial amendments to the Articles of Incorporation is approved as proposed, the Company will transition to a company with an Audit and Supervisory Committee. As a result, pursuant to Article 361,

Paragraph 1 and Paragraph 2 of the Companies Act, the Company requests that the stipulation of remuneration, etc., for Directors who are Audit and Supervisory Committee Members be less than 25 million yen per year in consideration of economic conditions and other factors, as well as that the detailed amount and payment timing, etc., for Directors who are Audit and Supervisory Committee Members be determined by resolution of the Board of Directors.

If Proposal 1: Partial amendments to the Articles of Incorporation and Proposal 3: Election of three (3) Directors who are Audit and Supervisory Committee Members are approved as proposed, there will be three (3) Directors who are Audit and Supervisory Committee Members.

This proposal will take effect conditionally upon Proposal 1: Partial amendments to the Articles of Incorporation taking effect.

## **Proposal 6: Issuance of subscription rights to shares**

Based on the following reasons, pursuant to Article 236, Article 238, and Article 239 of the Companies Act, the Company requests approval that changes can be made to matters not indicated below by resolution of the Board of Directors with regard to the issuance of subscription rights to shares without consideration as stock options and the right to allotment of these subscription rights to shares and that the determination of subscription matters be entrusted to resolution of the Company's Board of Directors,.

### **1. Reason for Issuance of Subscription Rights to Shares on Especially Favorable Terms**

Subscription rights to shares will be issued without consideration without consideration for those eligible persons listed in 2. below as stock options in order to bolster motivation and morale toward better performance and continually retain talent.

### **2. Persons Receiving Allotment of Subscription Rights to Shares**

Employees of the Company on the issue date (allotment date)

### **3. Outline of Subscription, etc.**

#### **(1) Number of subscription rights to shares**

Maximum of 400 units

#### **(2) Issue value of subscription rights to shares**

Subscription rights to shares shall be issued without consideration

#### **(3) Details of subscription rights to shares**

##### **1. Type and number of shares available under subscription rights to shares**

The type of shares for the subscription rights to shares shall be ordinary shares (common stock) and the number of shares per one subscription right to shares (hereinafter, "number of shares granted") shall be 100 shares. The number of shares granted shall be adjusted according to the following formula when the

Company executes a share split or share consolidation. However, such adjustments shall be made for the number of granted shares not exercised at that time, and fractional quantities of less than one share resulting from the adjustment shall be rounded down.

Number of shares granted after adjustment = Number of shares granted prior to adjustment x Ratio of stock split or stock consolidation

In addition to the above, when an adjustment of the number of shares granted is required for unavoidable reasons, the Company shall adjust the number of granted shares within a reasonable scope.

## 2. Calculation method of amount of assets required for exercise of subscription rights to shares

The price per share shall be calculated by multiplying 1.05 by the average closing price of the Company's common stock on financial instrument exchanges on each day of the month prior to the month of the allocation date of subscription rights to shares (excluding days when no trading is reported) (amounts of less than 1 yen shall be rounded up). However, if this amount falls below the closing price on the allotment date of the subscription rights to shares (if no trading is reported, the closing price on the most recent trading day prior), this closing price shall be used (hereinafter, "exercise price").

If the Company executes a share split or share consolidation, the exercise price per share will be adjusted using the following formula, and any fractional shares of less than 1 yen resulting from the adjustment shall be rounded up.

$$\text{Exercise price after adjustment} = \text{Exercise price prior to adjustment} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

If the Company issues new stock at a price below market value or if the Company disposes of treasury stock (excluding the issuance of shares from the exercise of subscription rights to shares), the exercise price per share will be adjusted using the following formula, and any fractional shares of less than 1 yen resulting from the adjustment shall be rounded up.

For the purpose of this section, "market value" shall mean the average daily closing price (excluding the number of days without a closing price) of the Company's common stock in ordinary transactions on a financial instruments exchange for 30 trading days beginning on the 45th day prior to the day the exercise price after adjustment is applied. The average price shall be calculated up to one decimal place.

$$\frac{\text{Number of shares already issued} + \text{Number of new shares issued} \times \text{Payment amount per share}}{\text{Payment amount per share}}$$



Exercise price after adjustm ent	=	Exercise price prior to adjustm ent	×	Market value Number of shares already issued + Number of new shares issued

“The number of shares already issued” in the above formula is calculated by subtracting treasury stock related to common stock owned by the Company from the Company’s total number of common stock issued, and if the Company disposes of treasury stock, “New shares issued” shall be read as “Disposal of treasury stock” and “Payment amount per share” shall read “Disposal amount per share.”

In addition to the above, if the Company executes a merger, etc., after the issue date (allotment date), and if other adjustments to exercise price are needed, the Company will be able to make adjustments to the exercise price it deems necessary within a scope reasonable.

**3. Period for exercise of subscription rights to shares**

From the day after the issue date (allotment date) to June 26, 2028

**4. Matters relating to increments of capital reserve and additional paid-in capital that would increase stock issuance by the exercise of subscription rights to shares**

- i. The amount of additional paid-in capital resulting from the issuance of the Company’s common stock due to the exercise of subscription rights to shares shall be half of the maximum of an increase in paid-in capital calculated in accordance with Article 17, Paragraph 1 of Corporate Accounting Rules, and any fractions of less than one yen resulting from such calculation shall be rounded up.
- ii. The amount of additional capital reserve resulting from the issuance of shares due to the exercise of subscription rights to shares shall be the amount resulting from the amount of the increase in paid-in capital prescribed in i. above subtracted from the maximum of an increase in paid-in capital described in i. above.

**5. Conditions, etc., for exercise of subscription rights to shares (excluding the exercise price and exercise period)**

**i. Conditions for exercise**

- 1) The exercise of subscription rights to shares shall be conditional that the reasons for acquisition set forth in i. to v. in 6. below do not occur with regard to the subscription rights to shares or persons holding subscription rights to shares attempting to be exercised (hereinafter, “rights holders”), and the exercise of subscription rights to shares for which reasons of acquisition occurred shall not be permitted. However, this shall not apply in cases where the Company permits the exercise.

- 2) The exercise of subscription rights to shares shall be carried out per one unit of subscription right to shares and no partial exercise of each subscription right to shares shall be permitted.
- 3) If a rights holder exercises one or multiple subscription rights to shares, the number of shares issued to the said rights holder following the said exercise must be a whole number, and any fractional share less than one share shall be rounded off and shall not be allocated. Monetary adjustments will not be made regarding fractional shares rounded off.

## **ii . Inheritance**

- 1) In the event that a rights holder dies, heirs of the rights holder shall inherit the subscription rights to shares not yet exercised following the provisions of paragraph 3. However, inheritance shall be limited to one time only, and if a person succeeding the subscription rights to shares among the heirs of the rights holder (hereinafter “rights successor”) dies, the subscription rights to shares can no longer be exercised. Inheritance shall follow the terms set forth below and in the agreement concluded between the rights holder and the Company concerning the subscription rights to shares.
  - (a) The heirs of a rights holder that inherited subscription rights to shares must all jointly notify the Company of the following matters in writing immediately after the commencement of inheritance.
    - (i) Date of commencement of inheritance
    - (ii) Details of the division of inherited property concerning the subscription rights to shares and the date it takes effect
    - (iii) Names and addresses of rights successors
    - (iv) Name and address of representative of rights successors (hereinafter, “successor representative”)
    - (v) Other matters set forth by the Company in addition to (i) to (iv) above
  - (b) The notification set forth in (a) must include the certified copy of closed family registry, certified copy of family registry, division of inherited property, and other documents prescribed by the Company.
  - (c) All rights successors shall exercise the subscription rights to shares jointly through the successor representative. The successor representative will have authority to represent all rights successors with regard to all matters concerning the subscription rights to shares, including exercise and abandonment of the subscription rights to shares.
  - (d) Rights successors will mutually and jointly assume the obligations of performance regarding the payment of the exercise price by exercise of the subscription rights to shares and all other obligations borne to the company concerning the subscription rights to shares.
  - (e) If changes occur in matters (a) (i) to (v) above during the period of rights exercise, the rights successors must notify the Company of the details of changes in writing immediately.

- 2) Rights successors shall be deemed as rights holders concerning the application of the provisions of 3. except for ii. However, the provisions of 6. iii. shall not apply to rights successors.

#### **6. Reason and conditions enabling the Company to acquire subscription rights to shares**

The company can acquire subscription rights to shares pursuant to i. to v. below. If the Company acquires subscription rights to shares for the reasons of acquisition set forth in i. to v. below, the Company shall acquire these on a data stipulated separately by resolution of the Board of Directors (if the Company is no longer a company with a Board of Directors after the issuance of the subscription rights to shares, this shall be read as approval of the general meeting of shareholders; hereinafter the same shall apply for this section). In addition, the Company can acquire all or part of the subscription rights to shares occurring for the reasons of acquisition set forth in i. to v. below, and if it acquires part, the acquisition of subscription rights to shares shall be determined by resolution of the Board of Directors.

- i. When the Company is the eliminated company in an absorption-type merger or consolidation, the split company in an absorption-type demerger or incorporation-type demerger, or becomes the wholly-owned subsidiary in a share exchange or share transfer (hereinafter. “organizational restructuring act” shall be used to collectively refer to these terms), the Company can acquire without consideration subscription rights to shares at the time a resolution of approval is passed by the Company’s general meeting of shareholders required per laws and ordinances or per the Company’s Articles of Incorporation (acquisition of consent of the general meeting of shareholders when such consent is required in place of a resolution of the general meeting of shareholders; or when either is not required, resolution of the Board of Directors).
- ii. The Company shall be able to acquire without consideration subscription rights to shares not subject to inheritance, and notification to holders of subscription rights to shares pursuant to Article 273, Paragraph 2 and Article 274, Paragraph 3 of the Companies Act shall be deemed sufficient when provided to persons the Company determines as appropriate from among statutory heirs of the rights holder. However, when notification is not required due to interpretation of laws and ordinances, the Company shall be able to acquire without consideration the subscription rights to shares omitting the notification.
- iii. If the rights holder loses either of the following statuses, the Company shall be able to acquire without consideration the subscription rights to shares yet to be exercised.
  - 1) Director or Corporate Auditor of the Company or its subsidiaries (meaning subsidiaries stipulated in Article 2, Item 3 of the Companies Act; hereinafter the same shall apply)
  - 2) Employee of the Company or its subsidiaries
  - 3) A person in an ongoing contractual relationship with the Company or its subsidiaries for a commission or undertaking, regardless of a councilor, advisor, consultant or any other

nominal position

iv. If any of the following reasons occur, the Company shall be able to acquire without consideration subscription rights to shares yet to be exercised.

- 1) If the rights holder is punished by imprisonment without work or more severe punishment
- 2) If the rights holder competes with the Company or its subsidiaries irrespective of name, such as establishing directly or indirectly a corporation engaged in a business that competes with the Company or its subsidiaries, or being appointed as an executive officer or employee of such a company. However, this excludes instances where approved in advanced in writing by the Company.
- 3) If the rights holder damages the credibility of the Company or its subsidiaries through an act that violates laws and ordinances or other illicit behavior
- 4) If the rights holder is subject to a garnishment, provisional garnishment, provisional disposition, compulsory execution or auction, or receives disposition for failure to pay taxes and public duties
- 5) If the rights holder is unable to pay debts or becomes insolvent, or when a note or check issued or guaranteed by the rights holder is dishonored
- 6) If there is a claim regarding the rights holder for commencement of bankruptcy proceedings, commencement of civil rehabilitation proceedings, commencement of corporate rehabilitation proceedings, commencement of special liquidation proceedings or commencement of other similar forms of proceedings
- 7) If the rights holder is revealed to be an anti-social force, etc., (criminal syndicate, member of criminal syndicate, right-wing organization, anti-social force, other persons considered to be an equivalent to such; hereinafter the same shall apply), or has interacted or been involved with an anti-social force, etc., in some form through the provision of funds or other relationship
- 8) If the rights holder violates the agreement concluded with the Company concerning the provisions of 3. or the subscription rights to shares

v. When the rights holder is a director, corporate auditor or employee of the Company or a subsidiary (including when holding the status after the issuance of subscription rights to shares), the Company shall be able to acquire without consideration subscription rights to shares yet to be exercised if any of the following reasons occur.

- 1) If a cause of disciplinary action occurs that is stipulated in the employment regulations of the Company or a subsidiary that applies to the rights holder
- 2) If the rights holder as director violates his or her obligation to the Company or a subsidiary to perform fiduciary duties, etc.

## **7. Restrictions on the acquisition of subscription rights to shares by assignment**

The acquisition of subscription rights to shares by assignment requires approval of the Company's Board of Directors (if the Company is no longer a company with a Board of Directors after the issuance of the subscription rights to shares, this shall be read as approval of the general meeting of shareholders).

## **8. Handling upon organization restructurings**

When the Company undertakes an organizational restructuring action, the Company shall issue subscription rights to shares of the surviving company or newly established company in each form of merger pursuant to procedures, the succeeding company or newly established company in corporate splits, or the wholly-owning parent company in share exchanges or share transfers (in either case limited to incorporated companies; hereinafter, "organizational restructuring act" shall be used to collectively refer to these terms) to rights holders of subscription rights to shares remaining immediately before the effective date of the organizational restructuring action. However, this shall be limited to instances where the agreement or plan related to the organizational restructuring act states subscription rights to shares will be issued to the Restructuring Company following the policy outlined below.

### **i. Number of subscription rights to shares issued by Restructuring Company**

The number of subscription rights to shares held by rights holders and the same number shall each be issued, respectively.

### **ii. Type of shares of restructuring company required for subscription rights to shares**

The ordinary stock (common stock) of the Restructuring Company.

### **iii. Number of shares of Restructuring Company required for subscription rights to shares**

Determined following (1) above based on the conditions of the organizational restructuring actions.

### **iv. Amount of assets required for exercise of subscription rights to shares and calculation method**

The amount of assets required for exercise of each stock acquisition right to be issued shall be the amount realized by multiplying the exercise price after restructuring obtained, by adjusting the exercise price stipulated in 2. in light of the conditions of the organizational restructuring actions, by the number of shares of the Restructuring Company with the purpose of the said subscription rights to shares approved in accordance with iii. above.

### **v. Period for exercise of subscription rights to shares**

The period for exercise of the subscription rights to shares shall be from the start date of the period for which the subscription rights to shares prescribed in 3. above can be exercised or the effective date of the organizational restructuring action, whichever is later, to the final date of the period for which the stock acquisition rights prescribed in 3. above can be exercised.

### **vi. Conditions for exercise of rights, acquisition reason, and other details of subscription rights to shares**

Determined as prescribed in the agreement or plan related to the organizational restructuring action in compliance with the details of the subscription rights to shares.

**vii. Approval of assignment by the Board of Directors**

The assignment of subscription rights to shares requires approval of the Board of Directors of the Restructuring Company.

**viii. Handling of organizational restructuring actions**

Determined following this section

**(4) Issue date (allotment date)**

A date prescribed within one year from the date of this general meeting of shareholders